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27 JUL 1983

## MEMORANDUM FOR THE RECORD

FROM :   
Chief, International Finance Branch

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SUBJECT : 26 July 83 Meeting of IG-IEP

1. On 26 July the Interdepartmental Group for International Economic Policy (IG-IEP) met for the first time in some three months. Maurice Ernst (NIO-Economics) and I attended for CIA. The meeting was called by Treasury Assistant Secretary Marc Leland to organize a working group to review the role of USG export finance guarantee programs (Eximbank and Commodity Credit Corporation) in helping to resolve the international debt problem. Jim Ammerman (Treasury's Office of International Banking and Portfolio Investment) and John Lange (Treasury's Office of Trade Finance) head the working group, which will address such issues as:

- o How US export credit guarantee programs can be used to meet the dual concerns of the LDCs' needs for financing and the US need for markets.
- o Sufficient protections for Exim and CCC programs so that they effectively serve as bridges across temporary financing gaps and as confidence builders, but do not become entrenched entitlement programs.
- o The relative merits of — either reallocating existing Exim and CCC resources toward financially troubled LDCs or providing enhanced funding for both programs.
- o The role of other countries' similar institutions and the mechanics of getting them more involved in sharing the burden of resolving LDC debt problems.

The working group will have to put something together over the next few weeks because the Eximbank will have to present its programs to Congress near the end of August.

2. Marc Leland announced that this IG-IEP meeting was the first of a series that will be held over the next several months to discuss progress on resolution of LDC financial problems with respect to the five-pronged US strategy in force. (The five elements are (a) debtor country economic adjustment; (b) IMF financing; (c) short-term emergency funding from industrial country governments; (d) continued commercial bank lending; and (e) economic recovery in industrial nations to boost LDC exports.) Leland did not expect much activity in August, however, because of traditionally heavy vacation schedules that month.

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